

ETHNOCENTRIC TENDENCIES IN INDIAN CONSUMERS

- AN EMPIRICAL STUDY

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ABSTRACT

A consumer is said to be typically ethnocentric when it is manifested that it is inappropriate and immoral to purchase foreign made products. In the post liberalization and globalization era, when the Indian consumers can easily access imported goods and the goods or brands originating from other countries, the Indian companies engaged in manufacturing and service sector are facing stiff and of ever increasing dimension of competition from foreign manufacturers and their merchandise. So it is imperative to check the ethnocentrism level of the Indian consumers. Consumer Ethnocentric Tendencies Scale (CETSCALE), world's best known ethnocentrism scale has been experimented and tested in many studies involving influence of Country of Origin and ethnocentrism on consumer behaviour. In this study too, an effort has been made to examine the psychology of Indian consumers using ten statements of CETSCALE. The prime objective was to investigate the Indian consumers' disposition towards buying foreign made goods and extent of ethnocentric tendencies in India, the nation which is otherwise perceived to be crazy or foreign made goods. Primary data collected from the various age groups having different income levels, education level and occupation. Statistical analysis of data was conducted with the help of Statistical package for Social Sciences (SPSS) version 20.0. The inferences reflect that although the extent of ethnocentrism in Indian consumers is not as dominant as it is in case of some other countries where the ethnocentric tendencies often lead to animosity for foreign goods. The empirical analysis and the findings have that the India manufactures should not take 'made in India' tag has the negative feature, rather it should catch with the 'swadeshi' attitude of Indians. The multinationals should preferably manufacture their goods in India, and Indian consumer will be more loyal to the brand which has Indian manufacturing plant. This shows that the 'Make in India' campaign will, in fact, be more beneficial to multinationals. From the age wise analysis, It can be seen that Indian young generation proves to be most ethnocentric .

KEYWORDS: Consumer Behaviour, Ethnocentrism , Foreign Goods, Country of Origin

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INTRODUCTION

When a consumer buys a product, he has certain set of attitudes and perceptions about the product, its features, quality, brand, price and value for money etc. The whole intriguing concept of looking into the mind of consumer is encompassed in consumer psychology and focuses on consumer behaviour. According to Hoyer et al (2009) "Consumer behaviour reflects the totality of Consumers' decisions with respect to acquisition,

consumption and disposition of good, services, activities and ideas by human decision making units overtime". Wilkie (1994) had posited that *"The mental, emotional and physical activities that people engage in when selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires."* A significant phenomenon of consumer behaviour, widely researched in developed countries is Country of Origin of the different products and services on consumer attitude and perceptions and also the consumer ethnocentrism which has both positive and negative connotations. According to William Sumner (1906), Ethnocentrism is, *"the technical name for the view of things in which one's own group is the centre of everything, and all others are scaled and rated with reference to it."* William Sumner posited that ethnocentrism may generally result in inception of proclivity of mind towards pride, excessive pride in one's importance, beliefs of one's own group's superiority, and rejection of people of other group. When it comes to consumer behaviour, the term Consumer ethnocentrism was coined and it became an intriguing phenomenon for the researchers in marketing. Consumer ethnocentrism, typically points towards the attitude of consumer due to which the consumers of one country develop a notion that it is unethical, harming and unpatriotic to buy, consume or recommend the products made in other countries (Shimp & Sharma, 1987). Consumers feel it is not only inappropriate but immoral too, to use the products made in some other country than one's own. In the minds of ethnocentric consumers, the purchase of foreign-made products is wrong because it hurts the domestic economy, causes loss of jobs, and is unpatriotic. Therefore, it is anticipated that ethnocentric consumers tend to be the people with high degree of ethnocentrism may feel it to be extremely improper to purchase foreign made products because it may lead to domestic unemployment, loss to local economy and local business and advantage to the foreign nation. (Netemeyer et al., 1991; Sharma, Shimp, & Shin, 1995). Ethnocentric consumer may feel that until and unless it absolutely unavoidable, the foreign products should not be allowed in one's country and the use of foreign products should either be banned or at least discouraged so that the local economy and business flourishes to its maximum potential. For instance an Indian ethnocentric consumer will emphasize upon purchase and use on India made goods only so that the Indian industry grows and the foreign industry is not allowed to thrive on the money of Indians.

Consumer Perceptions of Country of Origin and Ethnocentrism

The international marketer across the globe understands that customers from various part of the world have quite varied and specific attitudes and beliefs about the different brands or products originating from the different countries (Kotler, Keller et al 2009). The perception of a consumer about a particular country can mould his behaviour to a significant level. Many studies across various nations have shown that

- A country image, many times can create stereotype about the products of a country. For instance consumers in Hong Kong perceive Japanese products as technological advanced and innovative, American products as status symbol and Chinese products as imitative and cheap.
- The consumers, usually show ethnocentric tendencies and prefer to buy local products. But if the consumers are from developing or underdeveloped nation then this notion proves to be wrong
- People are often ethnocentric and favourably predisposed to their own country's products, unless they come from a less developed country.
- The more favourable a country's image, the more prominently the "Made in..." label should be displayed.
- The impact of country of origin varies with the type of product. Consumers want to know where a car was made, but not the lubricating oil.

Purchasing foreign products may be viewed as improper because it costs domestic jobs and hurts the economy. The purchase of foreign products may even be seen as simply unpatriotic.

LITERATURE REVIEW

When applied to consumer behaviour, initially studies, especially in US to judge the consumer beliefs about the appropriateness, of purchasing products made in other countries (Shimp and Sharma, 1987). Consumer ethnocentrism gets evolved as a result of affection and concern for one's country and phobia of losing economy and jobs to other countries. (Sharma, Shimp and Shin, 1995). Consumers 'Ethnocentric Tendencies Scale (CETSCALE), world's best known ethnocentrism scale, has been experimented and tested in many studies involving influence of Country of Origin and ethnocentrism on consumer behaviour. The scale developed by Shimp and Sharma (1987), transformed consumer ethnocentrism into a measurable construct. The initial development of the CETSCALE began with 225 different questions, which were reduced to 100 and then sent for experiment on a survey group for the first purification study. After lot of purification studies, the number of questions was finally narrowed down to 17. Such successful studies by Shimp and Sharma validated the CETSCALE in the U.S. and was followed by many such studies across the globe and found to be a valid scale for measurement of ethnocentric studies. The 17-item CETSCALE is version developed by Shimp and Sharma (Shimp and Sharma 1987) originally but many studies have adopted its shortened versions with 10 items. This is probably the most frequently used version of the CETSCALE, as a result of its relatively less number of questions (Balabanis et al., 2001; Klein et al., 1998; Netemeyer et al., 1991). Other versions have been used with success, including a version used by Klein (2002) with just four items that was found to have a .96 correlation with the 10-item version. The first major test of the validity of the CETSCALE in countries other than the U.S. was carried out in 1991 (Netemeyer et al., 1991; Wang, 1996). Netemeyer et al. surveyed students in the U.S., France, Japan, and West Germany and compared the results. Both the 17-item version and the 10-item version were tested. It was found that both versions of the CETSCALE were reliable across the different cultures where it was tested. The results also helped validate the CETSCALE as a measure of consumer ethnocentricity. Since that time, the CETSCALE has been used in many studies in many different countries and cultures. The various studies carried on the subject of ethnocentrism also investigated the influence of demographics namely occupation, income level, gender, age, education level on consumer ethnocentric tendencies. (Good and Huddleston, 1995; Douglas and Nijssen, 2002). The much referred research has also shown that the extent of consumer ethnocentrism widely varies between various consumers depending upon their demographic characteristics, social and regional factors, besides the animosity towards a particular country (Elliott, Cameron and Acharya, 2001), the degree of foreseen threat from competition by Multinationals and foreign companies, the urgency to buy a product etc. (Sharma, Shimp and Shin 1995).

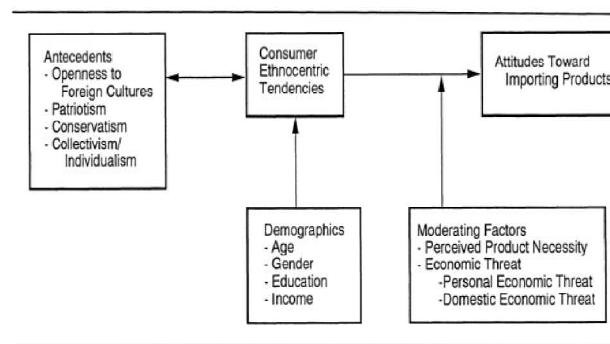


Figure 1: The Ethnocentrism Model (Sharma et al. 1995)

RESEARCH OBJECTIVES

The present study is carried out to assess the extent of ethnocentric tendencies in Indian Consumer which is generally reflected as craving for imported goods. The objectives of the study are:

- The prime objective was to investigate the Indian consumers' disposition towards buying foreign made goods and extent of ethnocentric tendencies in India, the nation which is otherwise perceived to be crazy or foreign made goods
- To measure the extent of Ethnocentrism in Indian Consumer
- To use the CETSCALE for measurement of 'Swadeshi' tendencies and validate it in Indian context.
- To suggest certain strategies to Indian and foreign manufactures of consumer goods.

RESEARCH METHODOLOGY

Ethnocentrism in Indians is as old as the history of India. The great leaders, saints and freedom fighters had been motivating the Indians to adopt the slogan of 'Be Indian Buy Indian'. Keeping in view the prime objective of the study to investigate the Indian consumers' disposition towards buying foreign made goods and extent of ethnocentric tendencies in India, the research was designed for primary data collection using a closed ended questionnaire. The questionnaire was designed after going through the literature related to country of origin and ethnocentrism influences on consumer buying behaviour. The questionnaire was administered face to face to 200 consumers in city of Ludhiana in Punjab. Ludhiana, being an Industrial hub, dynamic and most populated city of Punjab was chosen as the city represents the typical Indian culture with people from every part of the state in particular and every state of India in general have either make it as their abode or are regular visitors to this town known as 'Manchester of India'. Data was collected from the various age groups having different income levels, education level and occupation. The questionnaire contained questions regarding demographic details including age, occupation, income, gender and family buying habits besides the reduced CETSCALE questions having ten statements whereas the original version had seventeen statements (Shimp and Sharma 1987). The statements had typical five point Likert scale having options varying from 'Strongly Agree' with the statement to 'Strongly Disagree' with the statement. The respondents were selected using random stratified method of sampling, choosing people from every profession and age group.

DATA ANALYSIS AND CONCLUSIONS

The questionnaires having response of 200 consumers from city of Ludhiana were scrutinised and about 20 questionnaires were rejected because of certain errors and omissions resulting in the effective number of respondents to be 180 for final analysis. The responses on five point Likert scale to the various statements of CETSCALE used, were coded giving highest score of 5 to Strongly Agree and least score of 1 to strongly disagree. Statistical analysis of data was conducted with the help of Microsoft Excel version 2007 and SPSS 20.0.

Table 1: Response to the Various Statements of CETSCALE in Percentage (N= 180)

State ment .No.	Statement	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Disagree Strongly	Standard Deviation
1	Indian people should always buy India-made products instead of imports.	22.1	48.9	22.7	3.3	3.0	18.81
2	Only those products that are unavailable in the India should be imported.	17.8	42.2	14.0	20.4	5.6	13.61
3	Buy Indian-made products. Keep India working.	23.1	46.0	14.3	13.7	2.9	16.20
4	Indian products, first, last, and foremost.	18.1	35.6	12.4	28.5	5.5	12.11
5	Purchasing foreign-made products is un-Indian.	14.1	25.3	29.3	26.1	5.2	10.07
6	It is not right to purchase foreign products, because it puts Indians out of jobs.	10.4	17.2	22.3	31.9	18.2	15.82
7	A real Indian should always buy Indian-made products.	14.4	37.6	19.9	21.9	6.2	11.57
8	We should purchase products manufactured in India instead of letting other countries get rich off us	18.0	25.2	23.8	25.2	7.8	14.88
9	There should be very little trading or purchasing of goods from other countries unless out of necessity.	16.7	43.3	19.3	17.3	4.0	14.97
10	Indians should not buy foreign products, because this hurts Indian business and causes unemployment	15.0	43.3	24.7	13.1	3.9	14.29
	<i>Average percentage agreeing with the 10 item CETSCALE on 5 point Likert Scale*</i>	16.97 [^]	36.46 [^]	40.54	20.14	6.23	10.84

* The aggregate mean value of all the respondents on 10 item CETSCALE on 5 point Likert scale $= (16.97 \times 5 + 36.46 \times 4 + 40.54 \times 3 + 20.14 \times 2 + 6.23 \times 1) / 10 = 39.88$ ^ $16.97 + 36.46 = 53.43$ % respondents generally agreeing with the statements showing that more than half of the respondents show strong ethnocentric tendencies in their attitude towards Indian goods.

As evident from the above data analysis the ethnocentrism tendencies in Indians are moderate to high with more than half of the respondents agreeing (sum total of strongly agreeing and agreeing) with most of the statements linked to their ethnocentric and patriotic aspect of psychology except the statement 6 (It is not right to purchase foreign products, because it puts Indians out of jobs) showing that the purchase of foreign goods is not considered unethical but simultaneously it is also true that Indians goods should be preferred and foreign goods should be discouraged.. the construct of consumer ethnocentrism is the 10 items CETSCALE measured on a 5-point Likert scale. Given the one-dimensional nature of the CETSCALE, the scale items were summed into a single total score and used as a measure of ethnocentricity. Aggregate score on the above mentioned version of CETSCALE might vary between 10 and 50. A higher mean scale value indicates higher consumer ethnocentrism. The mean value of the measure is 39.88 (Standard deviation =10.84) and the average Consumer Ethnocentric Tendency score for the entire sample is 3.38, indicating a moderately ethnocentric sample of Indian consumers.

Table 2: Response to the Various Statements of Cetscale: Mean (N= 180)

Statement .No.	STATEMENT	MEAN
1	Indian people should always buy India-made products instead of imports.	3.83
2	Only those products that are unavailable in the India should be imported.	3.46
3	Buy Indian-made products. Keep India working.	3.72
4	Indian products, first, last, and foremost.	3.32
5	Purchasing foreign-made products is un-Indian.	3.17
6	It is not right to purchase foreign products, because it puts Indians out of jobs.	2.69
7	A real Indian should always buy India-made products.	3.32
8	We should purchase products manufactured in India instead of letting other countries get rich off us	3.20
9	There should be very little trading or purchasing of goods from other countries unless out of necessity.	3.53
10	Indians should not buy foreign products, because this hurts Indian business and causes unemployment	3.52
	<i>Aggregate Mean</i>	3.38

Inferences reflect that although the extent of ethnocentrism in Indian consumers is not as dominant as it is in case of some other countries where the ethnocentric tendencies often lead to animosity for foreign goods. The conducted study has focused on the relation between ethnocentrism and buying habits of Indian Consumers .Moreover, the data suggests that ethnocentrism is spread uniformly amongst the selected levels of education, and between gender. However, significant differences can be distinguished in the trend among different age groups. Youngest consumers (in the age range 18-30 years) are most ethnocentric in comparison to all other age groups. The current analysis of the Indian consumer ethnocentric tendencies indicates that it is the age of consumers that differs them in the level of ethnocentricity. It can be considered as valuable information for marketers when developing positioning strategies on the Indian market for both domestic and foreign products.

LIMITATIONS AND SUGGESTIONS

Keeping in view the wider perspective of such consumer behaviour study and despite its quite intriguing conclusions about the Indian consumers providing a better understanding and insight to Indian consumer ethnocentricity, the study has certain limitations.

The research has focused on assessing the ethnocentric tendencies in general while further study can be carried out to judge these ethnocentric tendencies to a particular product or product type or service.

Another significant limitation of the study is that the sample may not be appropriately representative for the Indian population in general as the study was conducted on a limited number of respondents (200) out of which the valid number, finally, turned out to be 180 and that too in single city of Punjab state. The results may vary if study is carried pan India as India is a country with diversity of great dimensions, with people from varying backgrounds and culture across the North-South and East-West spread of this unique nation of 1.25 billion people.

Keeping in view the above limitations it is imperative to suggest that the future research should zero in the examination of the consumers encompassing larger geographical area and more number of cities with different sample segments with varying level of consumer ethnocentric tendencies and differentiating them with respect to their demographic profile. Ultimately the relationship between the ethnocentricity and actual purchase behaviour of consumers must be examined giving useful inferences to be used by marketing strategists.

It is further suggested that Indian manufactures should emphasise upon the products 'made in ...' tag to stress upon the need to give preference to Indian products to give boost to Indian economy though the quality aspect of the products is to be given priority so that the country image improves not only the minds of Indians but also among the consumers of other countries.

CONCLUSIONS

The foreign players and multinational looking forward to tap the Indian market can take optimum level of Indian ethnocentrism by making the Indian Government's initiative 'Make in India' a success and making full use of not only the International brand but 'Made In India' too, so that Indians can follow the slogan 'Be Indian Buy Indian' with pride and self respect.

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